

WHO MUST PURCHASE FLOOD INSURANCE

Although anyone located in the City limits of Birmingham can purchase flood insurance, those located in FEMA designated Special Flood Hazard Areas (SFHA) (i.e. 100 year floodplain or flood zone), should unquestionably have flood insurance and in most cases are required to purchase it.

If you purchase a home in a FEMA designated SFHA with a mortgage loan from a Federally-regulated lender, by law your lender must make certain that you obtain flood insurance and renew it yearly.

In such cases as these, you will not have to wait 30 days before your policy take effect, it becomes effective immediately. You may want to ask your mortgage company about escrowing your premium (i.e. paying a fixed monthly amount towards your premium costs).

HOMEOWNER'S INSURANCE DOES NOT COVER FLOOD LOSSES.

ADDITIONAL INFORMATION AND TIPS

- ❖ Don't wait until a flood event occurs before you purchase your policy.
- ❖ Just because you haven't experienced a flood yet, doesn't mean you never will.
- ❖ Visit www.floodsmart.gov to familiarize yourself with the NFIP.
- ❖ Contact the NFIP at (888) 379-9531 to locate licensed insurance agents in your community or referrals of licensed flood insurance agents.
- ❖ If you receive federal disaster assistance after a flood, flood insurance purchase is mandatory in order to receive further assistance from FEMA.
- ❖ If your home, apartment or business flooded and you didn't have flood insurance at that time, you still can obtain flood insurance.
- ❖ Contact Floodplain Management Program Staff at (205) 254-2479 to find out if your property is located in a low or high risk flood zone.

Source: Some information taken from FEMA publications



City of Birmingham
Department of Planning, Engineering & Permits
Floodplain Management Program

www.birminghamal.gov

FLOOD INSURANCE INFORMATION

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BIRMINGHAM □ NFIP COMMUNITY

In an effort to make affordable flood insurance more available, the National Flood Insurance Program (NFIP) which is administered by the Federal Emergency Management Agency (FEMA) was established in 1968 by Congress. On March 16, 1981 the City of Birmingham became an NFIP Community to make flood insurance available to Birmingham residents. Since 1981, the City has satisfied the minimum NFIP participation requirements and the opportunity for Birmingham residents to obtain flood insurance still remains.

FLOOD INSURANCE

Like homeowner's insurance, flood insurance can be provided by a local insurance agency. Although not every insurance agency offers flood insurance, most of them do. As Birmingham residents are eligible to purchase flood insurance and as every property is subject to some flood risk, you should seriously consider purchasing flood insurance. Flood insurance covers contents and building losses to your property caused by flooding. From structural and mechanical damage to flood debris cleanup and floor surfaces (like tile and carpeting), your property is protected by a flood insurance policy, something that your homeowner's policy does not cover.

Please remember that most flood policies take effect 30 days after your purchase. The time to consider purchasing flood insurance is now.

FLOOD INSURANCE DISCOUNT

To encourage communities to exceed as well to award communities that do exceed the minimum NFIP requirements, the Community Rating System Program (CRS) was established in 1990. The CRS is a voluntary program under the National Flood Insurance Program that makes available to the residents of participating communities flood insurance discounts ranging from 5% to 45% based upon the Community establishing floodplain management programs that exceed the minimum NFIP requirements. The City of Birmingham has been a CRS Community since December 1993 and is the only CRS Class 6 CRS rated Community in the State of Alabama, affording to Birmingham residents 20% savings in flood insurance premium costs. On average, this savings is approximately \$100 to \$200 in flood insurance premium costs. When purchasing flood insurance, please do not forget to ask the agent about your 20% CRS Discount.

FLOOD INSURANCE COST

The price of a flood insurance policy varies and depends mostly on where a property is located, (flood zone), coverage type and amount of coverage. In high risk flood zones, where coverage is often mandatory, policies generally cost more. On average, the cost of a flood insurance policy for \$100,000 in premium coverage on a house located in a high risk flood zone is about \$800 per year.

In low to moderate risk flood zones, where the risk of flooding is still very real, lower cost flood insurance options are available in the form of a Preferred Risk Policy (PRP). If your property is located in a low to moderate risk flood zone, you should consider purchasing the lower cost flood insurance. According to FEMA, approximately 20-25 percent of all flood insurance claims are filed for properties located in low to moderate risk areas.

PREFERRED RISK POLICY

The Preferred Risk Policy is a lower-cost option, for building and contents coverage on properties located in a low to moderate risk area. It is available for both residential and non-residential properties.

Regardless of which policy you choose, there is a standard 30-day waiting period, from date of purchase, before a new flood policy goes into effect. However, if your lender requires flood insurance in connection with the making, increasing, extending or renewing of your loan, there is no waiting period. Protect your property now.